

DW0110
Department of Planning – Capital

Capital Budget Summary

State-owned *Capital Improvement Program*
(\$ in Millions)

Projects	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
Patterson Center Renovations	\$4.714	\$3.875	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Maryland Archeological Conservation Laboratory Expansion and Renovation	\$0.000	\$0.668	\$4.699	\$4.521	\$0.000	\$0.000	\$0.000
Total	\$4.714	\$4.543	\$4.699	\$4.521	\$0.000	\$0.000	\$0.000

Fund Source	Prior Auth.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.	Beyond CIP
GO Bonds	\$4.714	\$4.543	\$4.699	\$4.521	\$0.000	\$0.000	\$0.000
Total	\$4.714	\$4.543	\$4.699	\$4.521	\$0.000	\$0.000	\$0.000

CIP: *Capital Improvement Program*
GO: general obligation

Grant and Loan Capital Improvement Program
(\$ in Millions)

Program	2018 Approp.	2019 Approp.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.
Maryland Heritage Structure Rehabilitation Tax Credit Program	\$9.000	\$9.000	\$9.000	\$0.000	\$0.000	\$0.000	\$0.000
Maryland Historical Trust Revolving Loan Fund	0.300	0.300	0.300	0.300	0.300	0.300	0.300
African American Heritage Preservation Grant Program	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Maryland Historical Trust Capital Grant Fund	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Total	\$10.900	\$10.900	\$10.900	\$1.900	\$1.900	\$1.900	\$1.900

Fund Source	2018 Approp.	2019 Approp.	2020 Request	2021 Est.	2022 Est.	2023 Est.	2024 Est.
PAYGO GF	\$9.000	\$8.906	\$9.000	\$0.000	\$0.000	\$0.000	\$0.000
PAYGO SF	0.300	0.394	0.300	0.150	0.150	0.150	0.150
GO Bonds	1.600	1.600	1.600	1.750	1.750	1.750	1.750
Total	\$10.900	\$10.900	\$10.900	\$1.900	\$1.900	\$1.900	\$1.900

GF: general funds
GO: general obligation
PAYGO: pay-as-you-go
SF: special funds

Note: No out-year funding is projected for the Maryland Heritage Structure Rehabilitation Tax Credit Program since the tax credit is not included in the 2019 *Capital Improvement Program*. Chapter 578 of 2016 altered and extended the tax credit through fiscal 2022 but did not specify an amount.

Key Observations

- ***Maryland Heritage Structure Rehabilitation Tax Credit's Commercial Property Private Investment Decreased Between Fiscal 2017 and 2018:*** The commercial property private investment decreased between fiscal 2017 and 2018 because in fiscal 2017, there were two projects that exceeded the \$3,000,000 project cap, while in fiscal 2018, there were none that exceeded the cap. Therefore, the fiscal 2018 data reflects a return to a more normal level of private investment with similarly conservative estimates for fiscal 2019 and 2020.

Summary of Recommended PAYGO Actions

1. Concur with Governor's allowance of \$300,000 in special funds for the Maryland Historical Trust Revolving Loan Fund.
2. Concur with Governor's allowance of \$9,000,000 in general funds for the Maryland Heritage Structure Rehabilitation Tax Credit Program.

Summary of Recommended Bond Actions

1. Maryland Archeological Conservation Laboratory Expansion and Renovation

Approve the \$668,000 general obligation bond authorization for the Maryland Archeological Conservation Laboratory Expansion and Renovation project.
2. Patterson Center Renovations

Approve the \$3,875,000 general obligation bond authorization for the Patterson Center Renovations project.
3. African American Heritage Preservation Grant Program

Approve the \$1,000,000 general obligation bond authorization for the African American Heritage Preservation Grant Program.
4. Maryland Historical Trust Capital Grant Program

Approve the \$600,000 general obligation bond authorization for the Maryland Historical Trust Capital Grant Fund.

Summary of Updates

Maryland Historical Trust Modifies Historic Easement Program Policies: The 2018 *Joint Chairmen's Report* included a request for a report from the Maryland Department of Planning (MDP) (completed by the Maryland Historical Trust (MHT)), the Department of Budget and Management (DBM), and preservation advocates identifying a sustainable strategy for the long-term administration of historic preservation easement programs. The submitted report reflects that MHT does not have the staffing to adequately provide support to the number of easements currently scheduled to be received by law or policy and, thus, MHT has shifted from the requirement of permanent historic easements to term easements. To effect this change, regulations have been published in the January 18, 2019 Maryland Register, and the bond bill language in the fiscal 2020 capital budget bill has been modified.

Maryland Heritage Structure Rehabilitation Tax Credit Regulation Change: MDP published regulations in the January 18, 2019 Maryland Register to modify the Maryland Heritage Structure Rehabilitation Tax Credit. MDP notes that the change would conform regulations to the provision in Chapters 842 and 843 of 2018 (Heritage Structure Rehabilitation Tax Credit – Commercial Rehabilitations – Affordable Housing) by permitting an additional 5% tax credit for commercial rehabilitation projects that result in a housing project that qualifies as affordable housing. In addition, MDP notes that the change would conform regulations to long-standing administrative practice by clarifying that the tax credit for commercial projects may not exceed 20% of the estimated rehabilitation expenditures identified in the applicant's Part 2 application plus the additional 5% for achieving Leadership in Energy and Environmental Design status or affordable housing.

Program Description

The mission of the MDP Preservation Services program is to preserve historical and archeological resources by providing financial incentives to property owners and enforcing regulations. MDP currently has four capital programs that serve to preserve historical and archeological resources: the Maryland Heritage Structure Rehabilitation Tax Credit Program (formerly the Maryland Sustainable Communities Tax Credit Program), MHT Revolving Loan Fund, the MHT Capital Grant Fund, and the MHT African American Heritage Preservation (AAHP) Grant Program. All four programs seek to promote the acquisition and rehabilitation of historic properties by providing low-interest loans, tax credits, or grants, depending on the program.

- ***Maryland Heritage Structure Rehabilitation Tax Credit Program:*** The program has a commercial budgeted tax credit and both a small commercial and residential nonbudgeted tax credit. The small commercial nonbudgeted tax credit has a \$4 million overall cap, and the qualified rehabilitation expenditures cannot exceed \$500,000 per project. The tax credits offered are generally equal to 20% of qualified rehabilitation expenditures, not to exceed \$3 million for commercial rehabilitations, and \$50,000 for both single-family, owner-occupied residences and small commercial projects. The tax credit is increased to 25% for a commercial rehabilitation that meets specified energy efficiency standards. Funding for the program is required for the

commercial credit in fiscal 2018 through 2022. MHT is authorized to award an unlimited amount of residential credits to applications received through June 30, 2022.

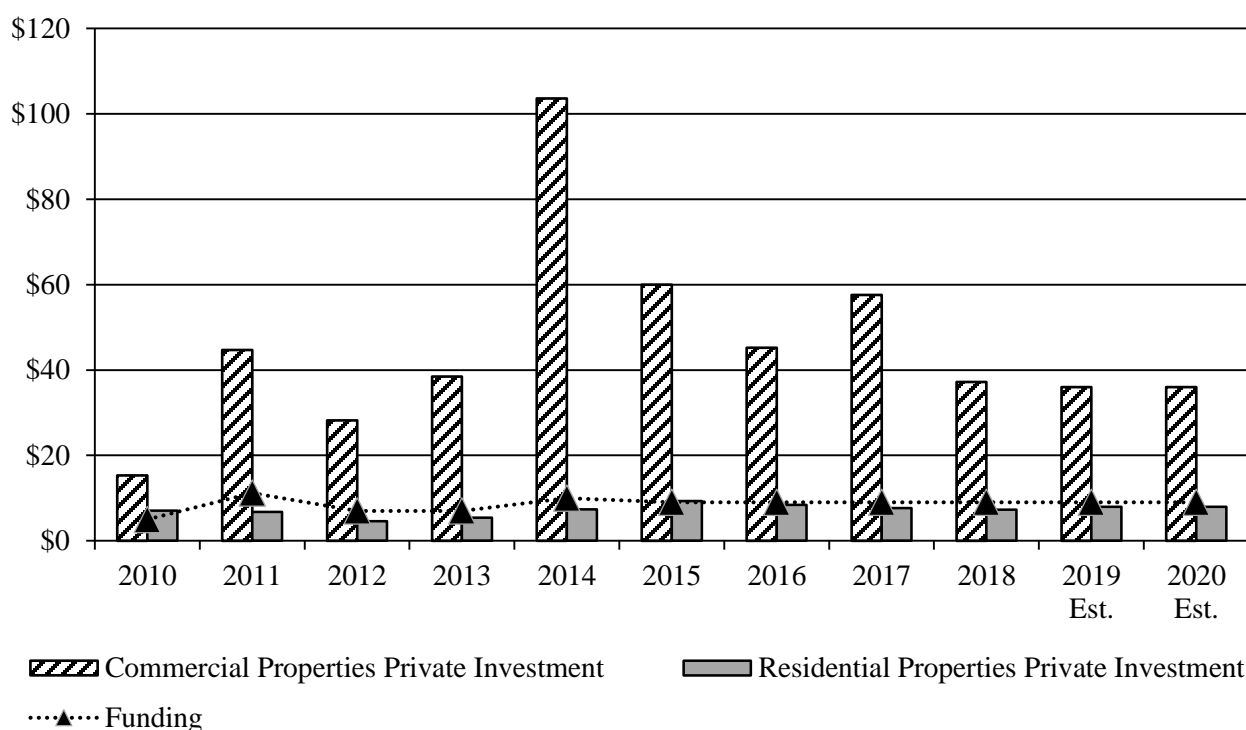
- ***MHT Revolving Loan Fund:*** The MHT Revolving Loan Fund provides loans to nonprofit organizations, local jurisdictions, business entities, and private individuals for the purpose of acquiring, rehabilitating, or refinancing all categories of real property listed in or eligible for listing in the Maryland Register of Historic Properties. Short-term financing (up to two years) may also be available for predevelopment work required or recommended by MHT that is to be undertaken in advance of a construction project being funded with federal or State monies. The program may also be used to fund the cost of rehabilitation of historic property owned by MHT and for the acquisition of historic property by MHT. In return for loans, most recipients must convey to MHT a perpetual historic preservation easement on the property.
- ***MHT AAHP Grant Program:*** The program is administered by MHT in partnership with the Commission on African American History and Culture. For each fiscal year, the Governor must include in the annual operating or capital budget an appropriation of \$1 million to the AAHP Grant Fund. Factors considered in granting applications include the public necessity and urgency of a project, the need for additional sources of funding for a project, the estimated cost and timeliness of executing a project, the viability of matching funds for a project, and geographic diversity. Unless waived by the director of MHT as infeasible, grantees must enter into an agreement to preserve and maintain the property. If the property is historic real property, then the agreement must be a recordable historic preservation easement.
- ***MHT Capital Grant Fund:*** The MHT Capital Grant Fund provides grants to nonprofit organizations, local jurisdictions, business entities, and individuals to assist with acquisition, rehabilitation, or restoration of properties listed or eligible for listing on the National Register of Historic Places. Nonprofit organizations and local jurisdictions may also receive funding for predevelopment costs directly associated with a project to rehabilitate or restore historic properties. Successful applicants must give MDP a perpetual preservation easement prior to the receipt of funds. The maximum grant offered is \$100,000, and there is a matching requirement for local jurisdictions, business entities, and individuals of either cash or an in-kind contribution in an amount at least equal to the grant.

Performance Measures and Outputs

Heritage Structure Rehabilitation Tax Credit Program

Exhibit 1 illustrates the level of private investment for both commercial and residential credits. While funding has remained consistently at \$9.0 million annually, the level of private investment associated with the commercial credits fluctuates based on the mix of projects selected for State credits with some projects resulting in more private investment than others. In general, the amount of private investment to credit is approximately four to one.

Exhibit 1
Heritage Structure Rehabilitation Tax Credit
Measure of Private Investment and Program Funding
Fiscal 2010-2020 Est.
(\$ in Millions)



Note: The Maryland Heritage Structure Rehabilitation Tax Credit, first budgeted in the State budget as a tax credit in fiscal 2006, became the Maryland Sustainable Communities Tax Credit Program on June 1, 2010, and returned to being called the Maryland Heritage Structure Rehabilitation Tax Credit on June 1, 2016.

Source: Governor's Fiscal 2009-2020 Budget Books; Maryland Department of Planning

Budget Overview

Fiscal 2020 Proposed Budget

All four MDP historic preservation programs are funded in the fiscal 2020 operating and capital budgets as well as the Patterson Center Renovation's general obligation (GO) bond capital project and the Maryland Archeological Conservation Laboratory Expansion and Renovation GO bond capital project.

Pay-as-you-go Capital Projects

- ***Maryland Heritage Structure Rehabilitation Tax Credit Program:*** The fiscal 2020 allowance includes \$9,000,000 in general funds, which is level with the fiscal 2019 working appropriation, comprised of \$8,905,935 in general funds and \$94,065 in special funds. The five projects that received tax credit funding in fiscal 2019 are shown in the projects section at the end of this analysis.
- ***MHT Revolving Loan Fund:*** The fiscal 2020 allowance includes \$300,000 in special funds. The 2018 *Capital Improvement Program* (CIP) programmed \$150,000 each in special funds and GO bonds for fiscal 2020, but there is sufficient fund balance available to avoid the need to use GO bonds and level fund the program in fiscal 2020. The most current fund summary for the program shows an available balance of \$633,848 and anticipated special fund revenues that accrue to the fund of \$115,990 for a total of \$749,838 available in fiscal 2020. The expenditures include the \$300,000 appropriation plus \$47,000 in administrative expenses, leaving an estimated fiscal 2020 closing balance of \$402,838. Capitalization funding of \$150,000 in GO bonds is programmed in the 2019 CIP for fiscal 2021 and every year thereafter through the end of the five-year planning period, but it is likely that the program can be sustained again in fiscal 2021 using just available special fund balance without the need for GO bond authorization.
- ***MHT AAHP Grant Program:*** The fiscal 2020 capital budget bill includes \$1 million in GO bonds for the AAHP Grant Program, which is level with fiscal 2019 and consistent with what was programmed in the 2018 CIP. The program is mandated to receive at least \$1.0 million annually; therefore, the 2019 CIP reflects funding for the program through the end of the five-year planning period. The 12 projects that received GO bond funding in fiscal 2019 are shown in the projects section at the end of this analysis. **Exhibit 2** reflects the encumbrance and expenditure schedule for the AAHP Grant Program. This shows that there is \$456,000 of funds authorized prior to fiscal 2015 still remaining to be expended by grantees. MDP advises that this reflects grants made in fiscal 2012, which were later repurposed for grants authorized in later grant cycles and fiscal 2013 and 2014 funding that still remains to be expended for projects from those years. MDP has noted that in the past projects are normally given a two-year window but that very few projects meet this schedule due to the following: inexperience on the part of the nonprofit applicants; lack of design team involvement; limited available qualified preservation contractors; and the time required to convey an historic preservation easement to MHT. MDP has also noted that in the past, if a project is clearly not moving forward, then it has the option to cancel a grant or not to extend the project completion date on the grant agreement and that MHT has greater flexibility in reusing funds from canceled projects, which will provide an incentive to be more aggressive in canceling grants.

Exhibit 2
African American Heritage Preservation Grant Program
Program Inception through January 2019
(\$ in Millions)

<u>Fiscal Year</u>	<u>Authorization</u>	<u>Funds</u>		<u>Balances</u>	
		<u>Encumbered</u>	<u>Expended</u>	<u>To Be Encumbered</u>	<u>To Be Expended</u>
Prior Years	\$3.000	\$3.000	\$2.544	\$0.000	\$0.456
2015	1.000	1.000	0.821	0.000	0.179
2016	1.000	1.000	0.777	0.000	0.223
2017	1.000	0.900	0.101	0.100	0.899
2018	1.000	0.945	0.049	0.055	0.951
2019	1.000	0.000	0.000	1.000	1.000
Total	\$8.000	\$6.845	\$4.292	\$1.155	\$3.708

Source: Maryland Department of Planning

- MHT Capital Grant Fund:** The fiscal 2020 allowance includes \$600,000 in GO bonds for the MHT Capital Grant Fund. This is the third year of funding for the program since the hiatus following the \$700,000 authorization in fiscal 2009. The funding level is consistent with what was programmed in the 2018 CIP. The 2019 CIP reflects \$600,000 in GO bond funding annually for the remainder of the five-year planning period. MDP estimates, based on fiscal 2019 solicitations, that it will receive approximately 80 applications for roughly \$5.5 million in requested fiscal 2020 grant funds. The department, however, notes that staffing for the program is still a problem that significantly contributed to the recent long program hiatus.

GO Bond Capital Projects

- Patterson Center Renovations:** The Patterson Center Renovations project consists of renovating three buildings at Jefferson Patterson Park and Museum in Calvert County – the main house, pool house, and garage – in order to fulfill the function of a house museum. Renovations include remediating structural failures; upgrading to meet current codes for fire, electrical, and the Americans with Disabilities Act; and landscaping. Fiscal 2020 funding includes \$3,875,000 in GO bonds for construction (\$3,850,000) and equipment (\$25,000). The total cost of the project has increased from \$8,501,000 in the 2018 CIP to \$8,589,000 in the 2019 CIP, an increase of \$88,000 for construction. The 100% construction drawings were received by the Department of General Services (DGS) on December 11, 2018, and the department is still awaiting the final cost estimate from the architect/engineer firm. The project is expected to go to bid in March 2019, with construction commencing in June 2019. The actual

bids will inform the final project cost. Of note, the \$33,703 in public art funding was removed from the project because the renovation is below 15,000 square feet – the threshold for the inclusion of public art in a capital development project.

- ***Maryland Archeological Conservation Laboratory Expansion and Renovation:*** The Maryland Archeological Conservation Laboratory is an archaeological research, conservation, and curation facility housed at Jefferson Patterson Park and Museum. It is a clearinghouse for archaeological collections associated with land-based and underwater projects conducted by State and federal agencies and for major collections acquired through private donation. The Maryland Archeological Conservation Laboratory total project increased by \$3,281,000 from \$6,607,000 to \$9,888,000 between the 2018 CIP and the 2019 CIP, as shown in **Exhibit 3**. The major change is an increase of \$3.0 million for construction, which reflects the addition of a new chiller for \$950,000; repairs to the sprinkler heads, the security system, and the fire alarm system; and the change from a single-story to a two-story addition as a result of safety, access, and site slope considerations. In terms of recent concerns, mold was discovered at the Maryland Archaeological Conservation Laboratory but has since been remediated as provided through arrangements made by DGS. As shown in **Exhibit 4**, the total cost of the mold remediation is \$6.5 million. MDP notes that the overall capacity of the current building storage is 10,352 boxes and that it currently stores 8,847 boxes. Therefore, based on the expectation of 1,600 additional boxes by fiscal 2022 – due to large collections from the Baltimore Center for Urban Archaeology and Archaeology in Annapolis – the current storage space will be short by 95 boxes by fiscal 2022. In terms of the future capacity, MDP notes that the requested expansion will accommodate 6,700 boxes for a total of 17,052 boxes. If 150 boxes are received per year – the normal number of boxes when large collections are not received – the building space could be expected to last approximately 45 years.

Exhibit 3
Maryland Archeological Conservation Laboratory Funding Changes Between
2018 and 2019 CIP
Fiscal 2020-2022
(\$ in Millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
2018 CIP	\$0.427	\$3.129	\$3.051	\$6,607
2019 CIP	0.668	4.699	4.521	9.888
Difference	0.241	1.570	1.470	3.281

CIP: *Capital Improvement Program*

Source: Department of Budget and Management

Exhibit 4
Maryland Archeological Conservation Laboratory Renovation Costs
Fiscal 2018-2019
(\$ in Millions)

	<u>Prior Year Authorizations</u>	<u>2019 Authorization</u>	<u>Total Authorization</u>
Mechanical System Upgrade	\$0.000	\$1.800	\$1.800
Metal Roof Replacement	0.000	2.250	2.250
Replace Foundation Waterproofing	0.861	1.125	1.986
Siding Replacement	0.000	0.439	0.439
Total	\$0.861	\$5.614	\$6.475

Source: Department of Budget and Management

Updates

1. Maryland Historical Trust Modifies Historic Easement Program Policies

As noted in MDP's operating budget analysis, the 2018 *Joint Chairmen's Report* included a request for a report from MDP (completed by MHT), DBM, and preservation advocates identifying a sustainable strategy for the long-term administration of the historic preservation easement program. The sustainable strategy was requested to include suggestions for the following: (1) new policies on when to accept easements and for what period of time; (2) recommendations for staffing of the program and/or administration of the program in partnership with nonprofit partners or easement holding sister agencies (*e.g.*, the Maryland Environmental Trust, the Maryland Agricultural Land Preservation Foundation (MALPF), and others) in order to reduce State expense; and (3) recommendations for the potential dissolution or modification of easements that are no longer in the best interest of the State or historic preservation.

Easement Program Report

The submitted report reflects the recommendations concerning new easement acceptance policies, staffing, easement program administration as a partnership, and the dissolution or modification of existing easements. In general, MHT notes that it does not have the staffing to adequately provide support for the number of easements currently scheduled to be received by law or policy and, thus, MHT is shifting from requiring permanent historic easements to term easements. This shift is in line

with the postures of Pennsylvania and West Virginia but would be a shift away from the perpetual easement requirement still retained by Virginia. The report recommendations are as follows.

- ***New Easement Acceptance Policies:*** MHT modified its easement acceptance policies after the October 2018 MHT board meeting. The policies are tailored to the five ways that MHT acquires historic preservation easements: gift easements; easements as conditions of grants and loans administered by MHT; easements as conditions of State bond bills; easements as conditions of State or federal Section 106 action; and easements as conditions of federal funding. In general, MHT will no longer accept permanent easements but will instead accept term easements, which reduces the workload associated with inspecting easements and providing technical support. **Exhibit 5** shows MHT's new easement acceptance policies.

Exhibit 5
Maryland Historical Trust Easement Acceptance Policies
December 2018

<u>Method Received</u>	<u>Subcategory</u>	<u>Policy</u>
Gift Easements		Require permanent easements but only on properties that are (1) individually listed or individually eligible for listing in the National Register of Historic Places and (2) of a type not adequately represented in the Maryland Historic Trust's (MHT) easement portfolio.
Easements as Conditions of Grants and Loans Administered by MHT	MHT Historic Preservation Capital Grants	Require only term easements that are tied to the amount of funding received; each \$5,000, or portion thereof, in funding will result in 1 year of easement term, with a minimum easement term of 15 years.
	MHT Historic Preservation Capital Loans	Require only term easements with an easement term ending 5 years after the date of loan payoff or 15 years from recordation, whichever is longer.
	African American Heritage Preservation Program Grants	Require only term easements with requirements the same as those for MHT Capital Grants.
	Maryland Heritage Areas Authority (MHAA) Grant Program	Require term easements if the property is individually listed or individually eligible for listing in the National Register of Historic Places with easement term requirements being the same as those for MHT Capital Grants.

<u>Method Received</u>	<u>Subcategory</u>	<u>Policy</u>
	MHAA Loan Program	Require term easements if the property is individually listed or individually eligible for listing in the National Register of Historic Places with easement requirements being the same as MHT Historic Preservation Loans.
Easements as Conditions of Bond Bills		Propose changes to the easement requirement language in the bond bill to permit acceptance of a term easement rather than mandating a perpetual easement in all instances, with requirements being the same as MHT Capital Grants.
Easements as Conditions of State or Federal Section 106 Action	Mitigation of a State or Federally Funded Project	Do not accept easements for mitigation of an adverse effect since other means of mitigating or avoiding an adverse effect are employed.
	State or Federal Property Transfer	Request perpetual easements as mitigation for the adverse effect of transfer out-of-state or federal government ownership only when the historic property is individually listed or individually eligible for listing in the National Register.
Easements as Conditions of Federal Funding		Require either term or perpetual easements per the requirements of the federal funding source.

Source: Maryland Department of Planning

-
- **Staffing:** MHT's current preservation easement program staff includes 1 full-time regular easement administrator, 1 full-time contractual easement inspector, and 1 part-time contractual easement processor. Staffing turnover and long-term vacancies have challenged the consistency of the preservation easement program's work. Reducing turnover would improve outcomes.
 - **Easement Program Administration as a Partnership:** Partnerships between MHT, the Maryland Environmental Trust, and MALPF would not generate program efficiencies because the Maryland Environmental Trust and MALPF easements are focused on protection of farmland and woodland from development. In contrast, MHT easements are focused on preserving the integrity of historic buildings and archaeological sites. Partnerships with nonprofits or volunteers are also unlikely to generate program efficiencies due to the lack of experience and resources marshalled by nonprofits and volunteers and the lack of dedicated funding for MHT to support the nonprofits and volunteers.
 - **Dissolution or Modification of Existing Easements:** MHT noted that it will consider the dissolution or modification of existing easements on a case-by-case basis immediately following the publication of the report. Factors to be considered include existing property

protections, how the easements were acquired, and the easement coverage versus the property significance, among others.

Regulations

MDP published regulations in the January 18, 2019 Maryland Register to modify the historic preservation easement requirements for the MHT Historic Preservation Capital Grants, MHT Historic Preservation Capital Loans, and the AAHP Grant Program. As noted in the exhibit above, the requirement is changed from mandating perpetual easements to accepting term easements from the programs.

Capital Budget Bill Language Modification

The fiscal 2020 capital budget bill modifies the typical language governing bond bills. As noted in the exhibit, the requirement is changed from mandating a perpetual easement to acceptance of a term easement that is tied to the amount of funding received; each \$5,000, or portion thereof, in funding will result in 1 year of easement term, with a minimum easement term of 15 years.

2. Maryland Heritage Structure Rehabilitation Tax Credit Regulation Change

MDP published regulations in the January 18, 2019 Maryland Register to modify the Maryland Heritage Structure Rehabilitation Tax Credit. MDP notes that the change would conform regulations to the provision in Chapters 842 and 843 (Heritage Structure Rehabilitation Tax Credit – Commercial Rehabilitations – Affordable Housing) by permitting an additional 5% tax credit for commercial rehabilitation projects that result in a housing project that qualifies as affordable housing. In addition, MDP notes that the change would conform regulations to long-standing administrative practice by clarifying that the tax credit for commercial projects may not exceed 20% of the estimated rehabilitation expenditures identified in the applicant's Part 2 application plus the additional 5% for achieving Leadership in Energy and Environmental Design status or affordable housing.

Operating Budget Impact Statement

Executive's Operating Budget Impact Statement – State-owned Projects Fiscal 2020-2024 (\$ in Millions)

	2020	2021	2022	2023	2024
Patterson Center Renovations					
Estimated Operating Cost	\$0.144	\$0.349	\$0.250	\$0.251	\$0.259
Estimated Staffing (Regular Position)	1.00	3.00	3.00	3.00	3.00
Estimated Staffing (Contractual Full-time Equivalents (FTE))	1.00	1.00	1.00	1.00	1.00
Explanation: One administrator II position and one horticulturalist contractual FTE are needed beginning in fiscal 2020. An additional two positions – a maintenance chief and education specialist – are needed beginning in fiscal 2021. Moving and storage funds are needed in fiscal 2020 and 2021 only. Supplies and materials, and equipment – both replacement and additional – are needed beginning in fiscal 2022.					
Maryland Archeological Conservation Laboratory Expansion and Renovation					
Estimated Operating Cost	\$0.375	\$0.000	\$0.434	\$0.258	\$0.266
Estimated Staffing (Regular Position)	0.00	0.00	2.00	2.00	2.00
Estimated Staffing (Contractual FTEs)	0.00	0.00	0.00	0.00	0.00
Explanation: Two positions – a digital archivist and an archeologist III – are needed beginning in fiscal 2022. Moving and storage funds for the collections during the renovation and construction are needed in fiscal 2020 and fiscal 2022.					
Total Operating Impact					
Estimated Operating Cost	\$0.519	\$0.349	\$0.684	\$0.510	\$0.525
Estimated Staffing (Regular Position)	1.00	3.00	5.00	5.00	5.00
Estimated Staffing (Contractual FTEs)	1.00	1.00	1.00	1.00	1.00

Consolidated Administrative Expenses – All Programs

	FY 2018 Actual	FY 2019 Estimated	FY 2020 Estimated
--	---------------------------	------------------------------	------------------------------

Sources:			
General Funds			
Maryland Heritage Structure Rehabilitation Tax Credit Program	\$17,886	\$23,627	\$23,627
<i>Subtotal – General Funds</i>	<i>\$17,886</i>	<i>\$23,627</i>	<i>\$23,627</i>
Special Funds			
Maryland Heritage Structure Rehabilitation Tax Credit Program	\$281,773	\$275,000	\$348,459
Maryland Historical Trust Revolving Loan Fund	43,065	46,548	46,548
African American Heritage Preservation Grant Program	0	0	0
<i>Subtotal – Special Funds</i>	<i>\$324,838</i>	<i>\$321,548</i>	<i>\$395,007</i>
Total Funds	\$342,724	\$345,175	\$418,634

Uses:			
Direct Expenses	\$342,724	\$345,175	\$418,634
Indirect Expenses (legal, marketing, and asset management)	0	0	0
Total Direct and Indirect Expenses	\$342,724	\$345,175	\$418,634

Administrative expenses increase slightly from \$342,724 in fiscal 2018 to \$345,175 in fiscal 2019 and then increase by \$73,459 to \$418,634 in fiscal 2020. The major changes are due to staffing related to the Maryland Heritage Structure Rehabilitation Tax Credit. The Maryland Heritage Structure Rehabilitation Tax Credit's administrative expenses decreased between fiscal 2018 and 2019 as a result of difficulties in filling a contractual full-time equivalent (FTE) architectural historian. For fiscal 2020, the assumption is that the contractual FTE architectural historian will be filled and that a new administrator will be hired to market and promote the tax credit program.

PAYGO Recommended Actions

1. Concur with Governor's allowance of \$300,000 in special funds for the Maryland Historical Trust Revolving Loan Fund.
2. Concur with Governor's allowance of \$9,000,000 in general funds for the Maryland Heritage Structure Rehabilitation Tax Credit Program.

GO Bond Recommended Actions

1. Approve the \$668,000 general obligation bond authorization to begin design of improvements to the Maryland Archeological Conservation Laboratory at Jefferson Patterson Park and Museum.
2. Approve the \$3,875,000 general obligation bond authorization to complete construction and equipping of renovations to the Patterson Center at the Jefferson Patterson Park and Museum.
3. Approve the \$1,000,000 general obligation bond authorization for the African American Heritage Preservation Grant Program to assist in the protection of properties with cultural and historic significance to the African American community.
4. Approve the \$600,000 general obligation bond authorization for the Maryland Historical Trust Capital Grant Fund for historical preservation and museum assistance.

Maryland Heritage Structure Rehabilitation Tax Credit Fiscal 2019 Projects

<u>Project Name</u>	<u>County</u>	<u>Description</u>	<u>Estimated Project Costs</u>	<u>Credit Amount</u>
Emerson Mansion	Baltimore City	Rehabilitate the former house of Captain Isaac Emerson – inventor of Bromo-Seltzer headache powder – and convert it into a community resource center with an early childhood education center, community rooms, and apartments.	\$5,000,000	\$1,000,000
Seventh Metro Church	Baltimore City	Rehabilitate the church by preserving the structure and restoring the stained-glass windows and plasterwork and convert it into a concert venue and market place.	10,000,000	2,000,000
Visitation Frederick	Frederick	Convert the school and monastery into a boutique hotel, restaurant, and wedding venue that will also feature apartments and new townhomes.	15,000,000	3,000,000
American Ice Company	Baltimore City	Rehabilitate the ice plant building following a fire in 2004 and convert it into an art gallery, restaurant, and event space.	13,000,000	2,449,261
Ox Fibre Brush Company	Frederick	Rehabilitate the former brush factory and convert it into loft apartments.	15,000,000	632,841
Total			\$58,000,000	\$9,082,102

Note: The American Ice Company project received a partial tax credit due to the statutory requirement that not more than 60% of the total credit amounts under initial credit certificates issued for any fiscal year may be issued for projects in a single county or Baltimore City.

African American Heritage Preservation Program Fiscal 2019 Projects

<u>Recipient</u>	<u>Project Name</u>	<u>Location</u>	<u>Jurisdiction</u>	<u>Description</u>	<u>Award Amount</u>
City of Annapolis	Maynard-Burgess House	Annapolis	Anne Arundel County	Rehabilitate the interior and exterior of Maynard-Burgess House, which provides insight into the life of African Americans in the years just before and after the Civil War.	\$100,000
Community Civic League of Federalsburg, Inc.	Community Civic League of Federalsburg/Laurel Grove Road School	Federalsburg	Caroline County	Rehabilitate the interior and exterior of Community Civic League of Federalsburg's Laurel Grove Road School – part of the Rosenwald School initiative – and install a security system and fencing.	\$100,000
Community Projects of Havre de Grace, Inc., the Havre de Grace Colored School Foundation	Havre de Grace Colored School	Havre de Grace	Harford County	Rehabilitate the interior and exterior of the original Havre de Grace Colored School.	\$100,000

DW0110 – Department of Planning – Capital

<u>Recipient</u>	<u>Project Name</u>	<u>Location</u>	<u>Jurisdiction</u>	<u>Description</u>	<u>Award Amount</u>
Department of Natural Resources – Maryland Park Service	Fort Frederick – Williams Schoolhouse	Big Pool 21711	Washington County	Rehabilitate the interior and exterior of the Williams Schoolhouse – one of the last remaining African American schoolhouses in Washington County – conduct site work; install permanent signage; and construct a trail.	\$100,000
Frostburg State University	Frostburg State University Upper Quad – Brownsville Monument	Frostburg	Allegany County	Construct a monument to the Brownsville Community – an African-American community displaced for the expansion of the Frostburg State University in 1926 – including base and lighting installation, fabrication and installation of plaques; and site work.	\$8,000
Grace A.M.E. Community Development Corporation	Samuel and Ida Torsell Mini-Museum	Catonsville	Baltimore County	Rehabilitate the interior and exterior of 79 Winters Lane – the former home of Mr. and Mrs. Samuel and Ida Torsell – which is in the Winters Lane National Register Historic District – the largest and most intact mid-19th century African American neighborhood in Baltimore County.	\$100,000

DW0110 – Department of Planning – Capital

<u>Recipient</u>	<u>Project Name</u>	<u>Location</u>	<u>Jurisdiction</u>	<u>Description</u>	<u>Award Amount</u>
Historic Easton, Incorporated	Asbury M.E. Church (Easton)	Easton	Talbot County	Rehabilitate the interior and exterior of Asbury M.E. Church – the oldest African-American church structure in Easton – and convert the lower-level “fellowship hall” into an education and research center for the public.	\$100,000
Historic Sotterley Inc.	Sotterley Plantation – African American Cemetery	Hollywood	St. Mary’s	Conduct Sotterley Plantation African American Cemetery ground penetrating radar and mapping work; install permanent signage; and construct trails and benches.	\$46,000
The Oriole Historical Society, Incorporated	St. James Methodist Episcopal Church (Oriole)	Princess Anne	Somerset	Rehabilitate the interior and exterior of St. James Methodist Episcopal Church – a landmark in the small community of Oriole – and convert to a meeting place and community center.	\$100,000
The Society for the Preservation of Federal Hill and Fell’s Point, Inc.	Two Sisters’ Houses (Caulkers’ Houses)	Baltimore City	Baltimore City	Rehabilitate the interior and exterior of the Two Sisters’ Houses – two of the few remaining wood houses in Fells Point and associated with the African American community’s history in the caulking trade.	\$100,000

DW0110 – Department of Planning – Capital

<u>Recipient</u>	<u>Project Name</u>	<u>Location</u>	<u>Jurisdiction</u>	<u>Description</u>	<u>Award Amount</u>
St. Paul Church Historical, Revitalization, and Maintenance, Inc.	St. Paul Church (Denton)	Denton	Caroline County	Rehabilitate the exterior of St. Paul Church – one of the earliest African American churches in Caroline County.	\$100,000
The Menare Foundation, Inc.	Button Farm – Barn	Germantown	Montgomery County	Rehabilitate the interior and exterior of Button Farm.	\$46,000
Total					\$1,000,000